A Special Report from

People First: What Massachusetts Does For People with Disabilities

A Project of

The Massachusetts Developmental Disabilities Council

An Initial Analysis of the Romney Administration's Recommendations For Disability Services in the EOHHS Reorganization Plan *And in the* House 1 Budget Recommendations for Fiscal Year 2004

Produced for MDDC by

The Massachusetts Human Services Coalition

March 12, 2003

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And in the

House1 Budget for Fiscal Year 2004

(July 1, 2003 to June 30, 2004)

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Introduction

Taking a quick initial look at the Romney administration's new recommendations for disability services and programs

The new Governor of Massachusetts, Mitt Romney, has now released two important state budget-related initiatives that have the potential to greatly impact programs and services for persons with disabilities in the upcoming fiscal year – and for years to come after that.

The first initiative, released February 24, 2003, is a proposal for a major reorganization and consolidation of the state's **Executive Office of Health and Human Services** (EOHHS) and the **Executive Office of Elder Affairs** (EOEA). The Romney administration believes that the current structure of 15 distinct agencies under EOHHS with a separate, cabinet-level EOEA is a system ripe with administrative inefficiencies that support a complex "maze" that both providers and consumers of health and human services and their families find burdensome, duplicitous, and difficult to navigate. The plan envisions a "streamlined" operation with "back office" functions like payroll and human resources all centralized into the EOHHS office itself and with the existing agencies "clustered" into four groups. These clusters, each over-seen by a new "Assistant Secretary," are: Health Services, Elder Services, Children and Family Services and Disability Services. "Clustered" under Disability Services would be the Department of Mental Retardation, the Mass Rehabilitation Commission, and the Mass Commissions for the Blind and for the Deaf and Hard of Hearing as well as the long term care functions of the Division of Medical Assistance (i.e., long term, not acute, Medicaid care). In a move both praised and questioned by various advocates, the Romney plan "clusters" the Department of Mental Health under Health Services, not Disability Services. The plan calls for the consolidations and closings of a variety of area and regional offices currently scattered across the state with the goal of producing better "customer service" and "one-stop shopping" for individuals and families in need.

The second initiative is Governor Romney's budget recommendations for fiscal year 2004 which will begin on July 1, 2003. Released on February 26, 2003, the governor's "House Bill No.1" for FY04 (commonly referred to as "House 1" or just "H1 for FY04") is structured to reflect and flesh out the governor's re-organization plan for health and human services delivery in the Commonwealth. For example, the traditional line items from previous years' budgets are "clustered" as in the reorganization plan and each cluster is assigned to a "Master Account." These "Master Accounts" are a new budgetary device recommended by the governor to allow administrators greater flexibility in moving funds between and amongst line items clustered under the Master Account. In general, advocates support allowing administrators some flexibility in managing their accounts but some are already expressing a fear that this Master Account structure could result in funds being moved from one program to another program based more on the popularity and "political pull" of the affected constituency than on actual services needs.

In this "Special Report" from the **People First: What Massachusetts Does for People with Disabilities** project, we provide an admittedly "quick" analysis of these brand new initiatives and their implications for disability services. A much more thorough and detailed analysis will be presented in our "traditional" **People First** report on H1 for FY04 that will be completed and released well before the FY04 budget debate in the House of Representatives in early May, 2003. But in the meanwhile, we hope this short report will be a useful preliminary guide to administration's plans and recommendations for disability services.

The Romney Administration's Reorganization Plan for the Delivery of Health and Human Services

On February 24, 2003, the Romney administration presented a broad outline of their plan for a reorganization of the Executive Office of Health and Human Services (EOHHS) and the Executive Office of Elder Affairs (EOEA). The governor stated that the goal of the effort is "replacing the current confusing maze of bureaucracy with a user friendly system that is more responsive to the people it serves." Materials describing the plan can be found on the EOHHS website at www.masscares.org. The governor indicated that his plan would save $90 million in fiscal year 2004, with $60 million coming from consolidations and greater efficiencies and $30 million coming from the sale of closed EOHHS properties. There were few details on the actual sources of the $90 million in savings, though the governor did say his plan calls for the closing of 30 local offices out of the over 150 regional and area offices now operated by the various EOHHS agencies.

The "re-org" initiative calls for the consolidation of "back-office" functions (human resources, accounting and legal and technical supports) now in separate offices at each of EOHHS' fifteen agencies into a single centralized office at EOHHS itself. Most advocates have been supportive or neutral on this aspect of the re-org plan, or, as one noted, "I don't care where they put payroll as long as people get paid."

The other element of the plan is the "clustering" of agencies according to the types of services provided, the populations served and "their common functions." Under the re-org plan, these "clusters," each over-seen by a new Assistant Secretary, would be:

1. Children, Youth and Families - including:

    The Department of Social Services
    The Office of Child Care Services
    The Department of Transitional Assistance
    The Department of Youth Services
    The Office for Refugees and Immigrants

2. Disabilities and Community Services – including:

    The Department of Mental Retardation
    The "long-term care unit" of the Division of Medical Assistance
    The Massachusetts Rehabilitation Commission
    The Massachusetts Commission for the Blind
    The Massachusetts Commission for the Deaf and Hard of Hearing
    The Chelsea and Holyoke Soldiers' Homes

3. Health – including:

    The Department of Mental Health
    The Department of Public Health
    The "acute care unit" of the Division of Medical Assistance

4. Elders Affairs – including:

    "Community-based" care for seniors and Veterans Services

In a letter to “interested parties” distributed by EOHHS Secretary Ron Preston on February 24, he indicates that each EOHHS agency will maintain its own identity, commissioner and budget but the new Assistant Secretaries will have “a pivotal role in ensuring that services in their cluster are delivered in a coordinated, streamlined way and that cross agency cooperation and information sharing are accomplished effectively.” The administration designee for Assistant Secretary of Disabilities and Community Services is the current Department of Mental Retardation Commissioner, Gerry Morrissey. There are two exemptions to continuing the current EOHHS agencies. The plan calls for the “outright elimination” of the huge Division of Medical Assistance that administers the Medicaid/MassHealth program and the much smaller Division of Health Care Finance and Policy (formerly the Rate Setting Commission). As noted above, acute care functions of DMA would go to the “Health” cluster and long-term care would go to “Disabilities and Community Services.” The HCFP functions would be consolidated into the EOHHS office.

Advocates respond to re-org plan with praise, cautions and questions.

While many details of the EOHHS re-org plan will not be fully known until the governor officially files his reorganization plans for all of state government in May, his recommendations for EOHHS’ reorganization have earned mixed reviews so far.

Many disability advocates are praising the plan’s commitment to closing the remaining DMR “schools” for persons with developmental disabilities such as Fernald State, seeing it as the state moving forward on the implementation of the Supreme Court’s Olmstead decision that persons with disabilities must receive care in the least restrictive setting possible. However, a number of families with loved ones in these facilities feel their family members’ conditions are so severe that they cannot manage in community settings and require continuing institutional care. Some advocates, citing previous “deinstitutionalization” efforts, also question if revenues saved by the closing of facilities will truly “follow the clients” into community care settings.

This is still much to be learned about the EOHHS re-org plan and it is still not known if the legislature will accept, modify or reject the plan in May. State Representative Antonio Cabral and Senator Susan Tucker, co-chairs of the legislature’s Joint Committee on Human Services and Elderly Affairs, have announced that their committee will hold a public hearing on the reorganization plan on Thursday, March 20, in Room A1 of the State House starting at 10:00 a.m. After testimony is heard from administration officials and invited guests, the general public will have an opportunity to testify beginning at approximately 1:00 p.m.

Health Care (Division of Medical Assistance)

Line Item	Account Name	FY02	FY03	H1 for FY04
4000-0300	DMA admin	$46,427,307	$117,060,684	$116,020,407
4000-0430	Commonhealth	45,330,000	54,745,000	81,770,175
4000-0500	Managed Care Plans	1,683,004,675	1,907,441,701	2,386,497,540
4000-0600	Senior Care Plans	1,813,759,976	1,717,620,000	1,839,979,369
4000-0700	Indemnity/Third Party Plns	961,432,065	1,103,497,000	1,322,230,154
4000-0860	MassHealth Standard Expansion	265,900,000	332,786,452	379,037,002
4000-0870	MassHealth Basic	208,280,000	219,823,000	92,652,416
4000-0880	Family Assistance/ CHIP	51,500,000	61,764,000	92,635,150
4000-0890	Insurance Partnership-Individuals	17,800,000	22,711,697	103,700,000
4000-0891	Ins. Part/Employer Subsidy	4,900,000	5,796,619	Combined above
4000-1400	Mass Health HIV Expans.	5,500,000	10,380,401	16,718,194
	DMA Total*	$5,276,276,099	$ 5,612,126,554	$ 6,501,240,407

* Totals are for all DMA line items, some are not included in this chart

H1 for FY04 recommends reducing eligibility and access for MassHealth, seeks new co-pays, premiums, and more prior approvals for medications, Many will affect persons with disabilities

According to House 1 for Fiscal Year 2004, the Division of Medical Assistance's Medicaid program (called MassHealth in the Commonwealth) had previously implemented a number of cost control initiatives that, "have been outpaced by health care cost inflation, new technologies, increased reliance on prescription drugs, increased use of long term care services and overall increases in enrollment." (H1 for FY04, Executive Summary)

The administration seeks to discourage the "use of long-term care services" and "increases in enrollment" as well as "reliance on prescription drugs." While some in the medical and advocacy community cannot argue with these assertions about costs, any decreases in enrollment will likely increase the number of uninsured in Massachusetts and will likely lead to more use of emergency rooms, the free care pool and overall poor health outcomes.

The administration's budget seeks various cost containments so FY04 MassHealth spending will increase by not more than 9%. Last year, however, it increased 12%. Many health care advocates point out that soaring health care costs are not unique to the MassHealth program but are occurring throughout the entire health care system and they call for comprehensive solutions to all the problems of health care delivery rather than seeking only to contain MassHealth costs.

Major cuts in the Romney Administration proposals:

1. DMA's administrative account is reduced by $1.04 million and moved to the Executive Office of Health and Human Services.
2. Previously proposed expenditures for covering additional cervical or breast cancer patients are gone from the budget.
3. The budget sustains the cut to MassHealth Basic- $125 million would be saved here, the administration projects (since over 42,000 low-income individuals will be eliminated from the program on April 1, 2003).
4. A small insurance program called the Fisherman's partnership would be cut by as much as 50%.
5. Previous 9c emergency spending cuts are continued for FY04. ("9c" cuts are spending reductions imposed unilaterally by the governor during the fiscal year if the state budget has a deficit.) These cuts include the elimination on "optional" services such as adult dental care and eyeglasses. (However, after effective outcries from disability communities, H1 for FY04 does recommend restoring coverage for prosthetics.)

The following accounts have increased, however advocates caution that several money-saving proposals (i.e., enrollment shrinking initiatives) are not included in the budget document itself. They are in separate "MassHealth Reform" legislation filed by the Governor the day after the entire budget was released on line. The administration claims they can save $236.5 million without "jeopardizing the quality and availability of health care for our neediest citizens."

- Expenditures for **CommonHealth** (which provides coverage for thousands of persons with disabilities) are increased by $27 million in the H1 proposal. However, this is based on increased costs and there is a possibility of a cap or freeze being placed on enrollment and those already in the program may face new premiums and co-pays. See next page.)

- Expenditures for **Managed Care** are expected to increase by $480 million.

- Expenditures for **Senior Care Plans** are expected to increase by $122 million. This is also an additional appropriation. This account total would now be up to $1.839 billion. Advocates say the $50 million wage add-on for poorly paid certified nursing assistants (CNA's) remains in the Nursing Home User Fee allocation (outside sections), but DMA has told providers they interpret this provision as requiring them only to allocate "up to" (not "at least") $50 million, which may result in a much lower amount actually going to the wage add-on.

- Expenditures under the **Third Party Payor/Indemnity account** are expected to increase by $218 million bringing that account up to $1.322 billion.

- Expenditures for **MassHealth Standard** are expected to increase by $46 million. This account would then be up to $379 million.

- Within the **Family Assistance** program (CHIP or federal children's coverage), expenditures would increase to $92.6 million from $61.7 million

- **Mass Health for people with HIV funding** would increase by $6.3 million in the FY 04 H1 budget proposal.

Governor Romney's proposed changes to MassHealth

The administration is proposing a variety of initiatives to contain MassHealth spending, some through unilateral regulatory changes, some through H1 for FY04, and some through the separate MassHealth Reform legislation.

1. Pharmacy benefits are already being limited by DMA. They are consistently adding more medications to the list of drugs requiring "prior authorization" before MassHealth will cover them. Because prior authorization involves a review of patient's records by a pharmacist and/or doctor and takes longer, many will not seek authorization for prescribed or needed drugs. The administration expects to save $167 million over several years. Most advocates believe the prior authorization process discourages persons from obtaining their medications.

2. Because many MassHealth members who are mentally ill take more than three prescription drugs - often referred to as a carefully designed "cocktail" of drugs - the division would also like to save money by limiting access to psychiatric medications. If a patient takes more than 7 drugs altogether he/she would need prior approval from the division to have all of the drugs covered. If a patient takes four brand name drugs, he or she would also need prior authorization for these drugs to be covered by MassHealth. The administration expects to save $20 million from this pharmacy management program. Most advocates believe the prior authorization process is especially discouraging for persons with mental illnesses.

3. The administration would like to target the "sickest" MassHealth recipients for "cost control" through case management. This means, according to advocates, that about 6% of enrollees would be assigned a care manager.

4. The administration also proposes shifting the funding for Personal Care Attendant services to the Department of Mental Retardation. The services paid for by the Division of Medical Assistance help persons with disabilities to work and live in the community through assistance with basic activities for daily living. This would not transfer the whole PCA program but would the portion of enrollees who are diagnosed with mental retardation.

5. DMA would make sure persons with disabilities, who are under age 65, also apply to the federal Medicare program. This is another effort to shift the costs of medical care from the state to the federal level. The administration believes they can save $4 million here.

6. DMA would continue to re-determine members who have disabilities (i.e., re-evaluate their conditions) on an ongoing basis, so that those whose disabilities improve may be removed from MassHealth. This is expected to save the state at least $11 million.

Other changes proposed in "MassHealth Reform" Legislation would need legislative approval and potentially some need a federal waiver:

1. The administration would freeze new enrollment or cap enrollment for adults on CommonHealth and the Family Assistance programs for individuals or parents with incomes over 133% of the federal poverty level. The bill also proposes freezing enrollment for those on MassHealth for People with HIV, and the Insurance Partnership - the administration includes all of these populations under the category of family assistance.

2. Another part of the legislation would also affect adults with disabilities. Currently adults apply for personal care services (mentioned above, also called PCA) through nonprofit independent living centers. This proposal would transfer the evaluation process to either DMA staff or another independent agency. Either way, DMA would have final approval.

3. New asset test rules would restrict MassHealth eligibility further, according to section 13 of the legislation. Those individuals on MassHealth who are under 65 would have to declare assets to qualify for MassHealth (and if these were too high, they would no longer be eligible). New rules would examine bank accounts, stocks, bonds, certificates of deposit, real estate (other than one's home), life insurance etc.

4. The legislation would also raise revenues through new premiums and co-payments. This is especially hard on low-income MassHealth members. Monthly premiums would be charged to all MassHealth members in the categories of Family Assistance and CommonHealth. As stated above, half of those affected are on people with disabilities (as many as 80,000). Advocates believe this could be hard to implement, especially since the Romney administration would like to charge premiums to all MassHealth members (as many as 950,000). If the administration received necessary waivers from the federal government, they would also allow providers to refuse services to those who do not pay co-payments.

5. The bill would also tighten disability criteria for all MassHealth categories. MassHealth currently reviews individuals periodically to determine whether they still qualify as disabled. The criteria proposed here would increase the difficulty for many to qualify for MassHealth. This would place more burdens on the MassHealth member, and fewer on the division, in terms of responsibility for proving disability.

A related issue of concern

Prescription Advantage program for elders and persons with disabilities is terminated in H1 for FY04

The Prescription Advantage program provides insurance coverage for prescription medications and is open to all Massachusetts elders regardless of income level as well as to persons with disabilities below age sixty five who meet certain income eligibility guidelines. There are currently over 80,000 persons enrolled in the program and of that number, approximately 4,100 are persons with disabilities. The cost to the state is approximately $100 million a year (when the program was fully funded). The "emergency 9c" spending cuts announced by the administration on January 29 include a $10 million cut to Prescription Advantage for the remainder of FY03. As a result, the program was closed to new enrollees on February 1, 2003.

At a recent press conference, Governor Romney indicated that the administration is seeking a federal waiver to make the program qualified for 50% federal Medicaid reimbursements. He stated that if this waiver was not obtained, then the Prescription Advantage program would end on June 30, 2003. The governor's position is confirmed in his H1 for FY04 budget which does not include any recommendation to continue the program in FY04.

Massachusetts Commission for the Blind

Line Item	Description	FY01	FY02	FY03	FY04 H1
4110-0001	Administration	$1,159,477	$1,077,838	$934,075**	$565,530
4110-0003	RR fees				114,000
4110-1000	Community Services	4,093,938	3,819,001	3,629,082**	3,585,164
4110-1010	SSI for the Blind	8,369,809	8,369,809	8,351,643	*4405-2000*
4110-1020	Admin/Medicare	421,813	416,206	313,979	309,956
4110-2000 -2001	Turning 22	7,798,576 320,000	7,760,004 120,000	7,744,790 165,000	7,850,419 --
4110-3010	Vocational Rehab	2,675,450	2,635,560	2,622,740	2,588,521
4110-4000	Ferguson Industries	2,125,949*	2,184,492	1,859,740**	1,834,200

*This figure includes the $387,000 that MCB reports it received in a supplemental budget for rent.
**These figures include emergency 9c reductions taken by the Governors Swift and Romney (through 01/30/03).

H1 for FY04 moves the MCB into the new Disability and Community Services Cluster.

Overview: After taking the transfer of Supplemental Security Income (SSI) for the Blind to the Department of Transitional Assistance into account, H1 for FY04 cuts MCB $616,000 from its FY03 level (including the emergency 9c cuts made in FY03). H1 for FY04 funds the agency at $16.84 million; $8.3 million is transferred to DTA for SSI.

The Cuts:

- H1 for FY04 transfers SSI for the Blind to DTA which causes a host of concerns for consumers since the state program for the blind functions differently than other SSI programs The move also erodes MCB's ability to be a one stop agency for blind people.
- The budget creates new fees: 1) a $10 fee for a certificate of blindness. This is not necessary to receive services at MCB, but is used for qualifying for tax abatements. 2) a $15 fee for travel passes (good for five years). The fees are expected to generate $114,000 in revenue.
- **Community Services** is cut $229,000 in H1 for FY04, including carrying forward the $139,000 emergency cut made in FY03. The cut impacts homemaker and respite care and assistive technology resources. This account is down 6 key direct service staff, too, since ERIP positions were not rehired and 125 children are underserved as result. Staff from central Mass are traveling to cover western Mass (which is short a children's social worker, another social worker, and a rehab. teacher). One regional director is teaching rehab. one day a week. 3 other regions are missing social workers.
- **Turning 22** is short $115,000. This includes $40,000 necessary for 4 new T22 clients in FY04 and $72,600 in annualization funds needed for the 4 FY03 T22 clients (2 are in residential placements). There is also a $69,000 cut to staff which would move 2 positions out of the account, but this account is already very thinly staffed.
- **Ferguson** industry is cut another $52,000 in raw materials which will leave that program poorly provided for mid year.
- **Administration** is cut $410,470 which is a combination of rent reductions and staff reductions and transfers. There are cuts to phone and travel within various accounts, as with all the agencies, but it is of serious concern for MCB since staff must travel to provide services.

Massachusetts Rehabilitation Commission

Line Item	Description	FY01	FY02	FY03	FY04 H1
4120-1000	Administration	$367,321	$480,788	$421,311	$217,071
4120-2000	VR Services	7,520,413^	7,660,311	7,672,261	6,934,078
4120-3000	Employment Assistance	9,025,618	8,399,240	8,098,927**	8,034,815
4120-4000	Independent Living	7,023,433	7,628,212	7,255,346**	7,363,506
4120-4010	Turning 22	--	320,000	440,760**	433,760
4120-5000	Homecare	4,704,801	4,774,767*	4,694,767**	4,470,548
4120-6000	Head Injury	6,923,277	6,954,509	6,504,692**	7,779,149
4120-6001	Head Injury Trust Fund	750,000	1,000,000	1,800,000	*4120-6000*
4120-6002	Head Injury Trust Fund RR	2,000,000	4,500,000	5,000,000	5,000,000

*includes $312,024 passed in supplemental budget.
**deducts for emergency 9c reductions taken by the governor (through 01/30/03)

H1 for FY04 moves the MRC to the new Disability and Community Services Cluster

Overview: H1 for FY04 funds MRC at $42.3 million compared with $44.4 million in FY03. This budget is, therefore, a $2.1 million reduction (including emergency 9c cuts taken in FY03 and carried forward).

The Cuts:

- The Administration account is cut $217,000 as part of the reorganization plan.
- **Vocational Rehabilitation** is cut $649,000 and most of this is rent savings. It presumes that over a dozen offices would move into DTA available space and presumes that leases may be broken on current space. The cut, therefore, further jeopardizes services at VR if the move can't happen (which is likely in this time frame) since the funds will be gone. VR has a 4 mo. waiting list at present.
- **Independent Living** is cut $66,000 and carries forward the emergency cut from FY03 which has cut hours in Supported Living (55 hrs of service and all emergency funds), cut IL centers technology support, cut IL training funds and for the Statewide Independent Living Council, and cut some Protective Services at a time of greatly increasing need.
- **Turning 22:** H1 for FY04 cuts ancillary funds for 2 Turning 22 consumers (such as transportation and socialization funds). There are no funds for new T22 consumers in FY04 and inadequate funds for annualizing FY03 T22 consumers. The budget will mean at least 12 T22 consumers who need residential care will not get served which will cost taxpayers more through nursing homes and Medicare expenses. The total shortfall is between $397,000 and $602,000.
- **Homecare** is cut $274,000 and likely will penalize non Medicaid-eligible clients (who will get 1/2 hr to 1 hr less in Homecare services). MRC would favor reducing their hours because these clients do not generate federal reimbursements to the RR account which will otherwise suffer proportionately with this state reduction. The processing list for services will also go up to the 90 day wait limit.
- **Statewide Head Injury Program** is cut $675,543 including carrying forward the emergency cut in FY03. This will mean no new clients served and no emergency funds. H1 for FY04 also raises the speeding/DUI surcharge from $125 to $250 and Mass Brain Injury Assoc. is skeptical that these can be enforced, which jeopardizes funds to the trust fund.

Massachusetts Commission for the Deaf and Hard of Hearing

Line Item	Description	FY01	FY02	FY03	FY04 H1
4125-0100	MCDHH	$5,656,825	$5,384,778	$4,991,808*	$4,774,725
4125-0101	Interpreter Services RR	105,000	105,000	149,500*	149,500
4125-0122	Interpreter Chargeback	120,000	120,000	160,000	160,000

*These figures include emergency 9c reductions made by the governor (through 01/30/03).

H1 for FY04 moves MCDHH to the new Disabilities and Community Services Cluster

Overview: The governor reduces funding to MCDHH by 7.8%, or $402,712, from the original FY03 level (pre emergency reductions). H1 for FY04 funds the Department at $5,084,225, including RR and chargeback accounts. This is $217,083 below the current FY03 appropriation (after mid-year emergency cuts). MCDHH initiated its first ever case management waiting list in FY03; currently there 68 clients not yet receiving services.

The Cuts:

This budget has a huge impact on this bare bones agency. Administrative cuts are almost impossible to absorb after so many cuts in the last two years. It is unclear how the agency would function under H1 for FY04.

- The budget cuts yet another FTE, and transfers 2.25 administrative FTEs outside of the agency for centralization. (The agency has lost 17% of its staff in 2 years already). Partial salaries are transferred for specific positions. This budget suggests there will be no General Counsel, CFO, or HR director for MCDHH.
- Percentage driven cuts that all the agencies are experiencing would be especially hard for MCDHH to absorb. A cut of 14% to their travel account means that the agency may not be able to compensate union staff in accordance with collective bargaining agreements. Direct service staff must travel to clients, especially with so few staff now.
- A 22% cut to phones, pagers, office supplies, etc. This will be a big cut to the Community Access Training and Technical Services Dept. which needs the funds to print brochures, advertise services, etc. There is also a cut to video conferencing maintenance funds that puts specialized equipment needed for interpreters in jeopardy.
- The budget would move the Springfield office to the DTA space and the Worcester office to the MRC space.
- The budget annualizes the $167,652 emergency 9c cut taken in FY03 which means there is no reception staff at the agency and means they will be getting an automated system--and this is completely inappropriate for hard of hearing clients. A referral specialist is also cut as well as 2 other staff positions. The budget compromises specialty equipment (TTYs, signalers, etc) necessary for routine office functioning.

Other State Disabilities Agencies and Programs

Line Item	Description	FY01	FY02	FY03	FY04 H1
0321-1600	MLAC Total	$4,276,799	$4,266,799	$4,225,408	$6,000,000
0321-1610	MLAC General Support	4,800,000	4,800,000	4,734,750	0321-1610
0321-2000	MHLAC	546,412**	507,764	501,085	0
0321-2100	Mass. Correctional Legal Services	730,214	730,250	700,250	0
0411-1000	Gov. Commission on MR	206,760	205,161	205,161^	*EOHHS*
1107-2400	MOD	741,355	670,253*	585,196*	513,836
1107-2501	DPPC	1,686,445	1,717,026**	1,578,214*	1,419,417
1150-5100	MCAD	2,524,960	2,311,861	1,819,076*	1,083,330
1150-5104	MCAD EE & Fair Housing	1,813,344	1,863,898	1,987,982*	3,019,516
8000-0500	Architectural Access Board	227,212	220,484	*8311-1000*	*7006-0051*

*includes the governor's emergency 9c cuts through Jan. 2003.
**includes supplemental budget appropriation.
^this is an earmark to this account

- **Mass Legal Assistance Corporation:** H1 for FY04 cuts the MLAC by 33% or $2.96 million. This would cut 9,000 needy individuals (domestic violence victims, families at risk of homelessness, the elderly, and people w/disabilities). 2,220 fewer cases would be handled each year. The budget calls for requiring co-pays and attorney's fee recovery wherever possible. This may be waived for hardship.
- **Mental Health Legal Advisors Committee** is completely eliminated in H1 for FY04. This is the only agency that helps the mentally ill and their families get mental health services from private insurers so that they needn't rely on public resources.
- **Mass Correctional Legal Services** appears also to be eliminated in H1 for FY04.
- **Governor's Commission on MR** is consolidated into EOHHS central office. H1 for FY04 would cut their staff from 3 FTEs to 2.
- **Mass Office on Disability** stays an independent agency, but is cut again. The cut is another 12%, carrying forward the emergency cuts made in FY03 ($90,989 total cut in H1). The MOD staff has already been reduced by 50% in the last two years. This budget would reduce staff further, and transfer the General Counsel salary to the proposed Office of Solicitor General. The impact on the day to day operations is still to be fully determined.
- **Disabled Persons Protection Commission** is transferred to EOHHS central and cut $158,797 from the FY03 level. This would cut another investigator position and one hotline operator. DPPC has seen a 27% staff reduction in the last two years, at a time of soaring demand for investigations.
- **Mass Commission Against Discrimination:** H1 for FY04 calls filing fees for discrimination claims, which could help deter frivolous complaints, and could be waved for hardship. It also calls for the creation of significant penalties and damages for those determined to have committed a discriminatory practice ($10,000 to $50,000).
- **The Architectural Access Board** is not mentioned anywhere in H1 for FY04. It is currently part of the Dept. of Public Safety and H1 for FY04 recommends moving DPS to the Dept. of Consumer and Commercial Services, within the Executive Office of Economic Affairs. DPS, however, is an enforcement agency, not an agency involved with purchase and sale.

Department of Public Health

Line Item	Description	FY01	FY02	FY03	FY04 H1
4510-0600	Env. Health/Lead Poisoning	4,123,667	4,274,690	2,732,245	$2,179,962
4510-0099	Env. Health RR				$500,000
4512-0103	AIDS	51,136,334	41,477,990*	35,847,286^	35,820,445
4512-0500	Dental Health	1,320,917	1,443,000	1,398,440	1,399,150
4512-0501	Tufts U. Dental Program	--	518,920	0	--
4513-1000	Family Health	13,542,108	11,900,022^	11,161,761	11,188,086
4513-1002	WIC (Nutrition)	14,087,495	13,879,500	13,289,385^	13,298,908
4513-1005	Healthy Start	5,963,118	7,005,297	7,221,618	7,693,307
4513-1010	Early Intervention RR	3,700,050	2,700,050	2,700,050	3,000,050
4513-1020	Early Intervention	26,033,525	29,897,655	28,823,278^	28,490,9980
4513-1021	EI Respite Services	1,000,000	500,000	0	--
4513-1023	Univ. Newborn Hearing Scrn	100,000	93,060	*4513-1000*	--
4590-0905	CMSP RR				6,557,000
4590-0906	CMSP	14,760,797	15,330,222	13,797,200	5,317,000

* includes a supplemental budget appropriation.
^includes emergency 9(c) reductions (through 01/30/03)

H1 for FY04 moves DPH to the new Health Cluster

Overview: DPH is cut $48.7 million from their original FY03 level (that is, before 9c cuts--$21.6 million was cut 01/30/03) and $60,995,130 million from their FY04 maintenance estimate. This would be a nearly 30% reduction for the agency over three years. The budget recommends $381,535,758 for DPH. Their FY03 budget after the 9c cuts is $408,681,703.

The Cuts:

- New licensing and inspection fees are proposed to offset a $500,000 cut to **Environmental Health/Lead Poisoning**, an account that took a 38% cut in FY03.
- **AIDS** - the emergency cuts made in FY03 are carried forward in this budget. AIDS services would be cut 30% in 3 years if the H1` for FY04 recommendation prevails in the final budget.
- **Early Intervention** would carry forward program cutbacks implemented in FY03 to meet its FY04 caseload under this budget (projected to grow by 5%). Group service hours and parent group service hours have been cut back recently, plus transition services for Special Education eligible children have been eliminated, as have some provider reimbursements. H1 for FY04 also calls for a new sliding fee structure to generate $300,000 to the Retained Revenue account, helping offset the reduction to the main EI line.
- **The Children's Medical Security Plan** is radically impacted by this budget. Premiums will increase dramatically (e.g. from $10.50/mo. to $45.32/mo. for those earning 200% to $401% of the federal. poverty level). The existing 3 child cap on premiums would be eliminated; enrollment would be capped at the current level; and the following benefits would be eliminated: oral health services, radiology, eye exams, audiology screenings, specialty consultants, and outpatient surgery for inguinia hernias and the insertion of ear tubes. Mental health coverage would be decreased from 20 to 10 visits total.

Department of Mental Health

Line Item	Description	FY01	FY02	FY03	FY04 H1
5011-0100	Administration	$35,892,669	$34,709,140	$37,994,485^	$34,709,140
5011-0300	Cert. for pharmaceutical adm.	538,675	501,291	--	--
5042-5000	Child & Adolescent Services	55,867,543	55,299,010	65,698,383^	66,131,549
5042-5002	Child/Adolesc Resrv	4000-0160	10,000,000	5042-5000	--
5046-0000	Community Mental Health	249,588,678	252,657,974^	262,976,982^	272,044,486
5046-1000	Rental Subsides	3,107,550	*	--	--
5046-1100	RR-Increase Fed Reimburse	700,000	--	--	--
5046-2000	Statewide Homeless Services	21,944,454	20,069,417	22,172,086	22,166,590
5046-4000	Choice retained revenue	125,000	125,000	125,000	125,000
5046-9999	Insurance Assessments	7,854,766	7,309,655	--	--
5047-0001	Emergency Programs	32,341,278	32,398,072	30,932,302^	31,260,621
5047-0002	Retained Revenue	6,000,000	6,000,000	6,000,000	6,000,000
5055-0000	Forensic Services	7,311,564	6,863,712	6,074,464	6,108,244
5095-0015	Mental Health Facilities	163,365,262	165,059,691	167,585,196^	147,349,537
5095-0016	Medfield Hosp Consolidation	--	--	2,983,100^	*5046-0000*

*moved to Dept. of Housing and Community Development
**passed in supplemental budget and distributed among the accounts--see line item analyses below.
^these figures deduct for emergency 9c reductions (through 01/30/03)

H1 for FY04 moves DMH to the new Health Cluster

Overview:

The H1 for FY04 proposal cuts DMH by $17.28 million from their FY03 level (after the FY03 emergency 9c reductions are factored in). The budget proposes $585,914,427 for the Department. The FY03 budget is $603.19 million. The governor's budget, if adopted, will mean another 3.2% cut to DMH, a huge reduction considering the $13.8 million cut in the original FY03 budget and the $12.2 million total reduction in FY02.

The Cuts:

- $5.9 million is due to the planned closing of Worcester State Hospital. 36 beds will be eliminated or 24%. 120 beds will move to other facilities as part of the effort to consolidate inpatient facilities and improve efficiency. The development of community-based placements is reportedly part of this plan.
- $1.5 million is cut from the hospitals for the standardization of staffing, consolidation of functions and overtime management . . .
- $4.8 million is coming from state-operated mental health centers and clinics. The Solomon Mental Health Center's outpatient services would close. The Massachusetts Mental Health Center's outpatient department would relocate to the Shattuck Hospital (a Department of Public Health facility). One contracted inpatient unit would become a state-operated unit in Western Massachusetts. And the Quincy Mental Health center would more closely adhere to acute care facility discharge practices; i.e., persons will be discharged more quickly from their inpatient unit.
- $4.2 million is cut from the Department's administration through a combination of reductions and centralization as part of restructuring.

Department of Mental Retardation

Line Item	Description	FY01	FY02	FY03	FY04 H1
5911-1000	Administration	$6,029,262	$6,384,457	$13,404,870	$11,573,679
5920-1000	Community Support Svcs	48,683,630	50,611,983	50,724,936	52,233,152
5911-1210	Provider Worker Certif.	1,544,650	1,437,451	437,451	*5920-2000*
5911-2000	Transportation	25,049,926	23,329,506	14,708,746	14,265,854
5911-9999	Insurance Assessments	9,535,105	8,873,369	**	**
5920-2000	Community Residential	353,695,256	376,277,607	422,648,101^	453,808,927^^
5920-2010	State Operated Residences	99,998,330	105,757,190	107,829,376	111,238,845
5920-2020	EOHHS DMR Rsrv—Boulet	--	15,000,000*	36,500,000	55,007,681
5920-2025	Day/Work Programs	90,185,163	90,126,300	104,179,308^^	105,929,308
5920-3000	Respite	50,248,489	50,216,056	61,739,428^^	47,099,428^^^
5920-4050	Waiting list	35,838,105	34,838,105	**	**
5920-5000	Turning 22	6,950,000	6,467,670	6,467,670	6,467,670
5920-6000	Older Unserved	6,750,000	6,281,550	**	**
5920-8000	Child/Adolescent	5,024,156	5,011,548	**	**
5920-8010	Child Residential	361,131	--	--	--
5930-1000	Facilities	164,767,603	164,851,390	161,981,181^	160,963,187
5948-0012	Residential Placement Prev.	7,500,000	7,500,00	7,500,000	7,500,000

*passed in supplemental budget
**these funds were consolidated into other accounts.
^these figures deduct for emergency 9c reductions taken by the governor (through 01/30/03)
^^These are consolidated accounts and cannot be compared directly with previous year's funding. 5920-2025 and 5920-3000 in FY03 includes emergency 9c reductions made by the governor.
^^^funds from this account were also consolidated into 5920-2000

H1 for FY04 moves DMR to the new Disability and Community Services Cluster

Overview: H1 for FY04 funds DMR at $1,027.17 million in FY04. This is $32 million above the FY03 level of $995 million (after both emergency reductions and the supplemental budget are factored in). The budget fully funds the Boulet and Rolland lawsuit settlement agreements as well as Turning 22 services. These factors account for what appears to be a large increase in funding. H1 for FY04 also seeks to impose fees on DMR consumers

Key Budget Details:

- H1 for FY04 closes **Fernald Development Center**, which accounts for a $5.9 million cut to the facilities account. There are 309 people living at Fernald. Arc Mass reports that a combination of transfers and community placements are planned for these residents. DMR is also expected to generate $30 million from the sale of 4 closed state school properties.
- **New fees** are part of this budget. H1 for FY04 calls for a fee of $25/mo. for persons living at home and using DMR transportation, a $25/mo. fee for persons living at home and attending DMR Day/Work programs, a $100 guardianship processing fee, and a $100 fee for eligibility determination processing. All fees may be waived in the case of hardship.
- DMR area offices for Lowell, Greenfield, and Southbridge are moving to new shared sites within the same city to save on rent.
- Previous reductions taken from Day/Work, Transportation, and Residential services are continued in this budget. Respite and Family support reportedly sees some restoration.

Department of Education/Special Education

Line Item	Description	FY01	FY02	FY03	FY04 H1
7028-0302	Special Education Schools for Abandoned Children	$3,829,424	$3,163,662**	*7061-0012*	--
7030-1000	Early Child. Education	114,551,675	103,725,068	94,662,732	10,000,000^
7030-1004	Parent Child Home program	*7030-1000*	2,995,005**	0	--
7030-1500	Head Start	6,829,048	6,829,048	6,146,143	6,146,143
7061-0012	Special Ed Residential Schls	61,941,239	62,497,427**	70,575,000	115,100,262^^
7061-0013	Special Ed Monitoring	400,000	400,176	0	--
7061-0020	SPED Pooled Risk Program	0*	--	--	--
7061-0025	SPED Loan Pool	1,000,000	--	--	--

*originally funded at $5.6 M, this program was never implemented.
**These figures subtract for emergency 9c "set asides" and cuts (through 01/30/03)
^funds from this account were also transferred to 4130-3050
^^Consolidated account: funds in this are also from 0611-5500 and 0640-2001.

Advocates are still assessing the potential damage . . .

- **Early Childhood Education**: funds for Community Partnerships for Children and Mass Family Networks are moved to the Office of Child Care Services, but without language to protect the programs, and without nearly the funding to maintain them. (The OCCS line item is short by at least $27.4 million of the amount needed to maintain all the programs consolidated in it.)
- **The circuit breaker** – the new Special Education (SPED) funding mechanism - is funded, but the formula has been greatly weakened. This budget would make the circuit breaker even less placement neutral (it would greatly favor "in district" placements over more costly but often needed "out of district" placements) and would reimburse less of the extraordinary SPED costs incurred by school districts.
- In general, **K-12 education** would be hurt by this budget. The overall increase to Chapter 70 aid ($73 million) and the circuit breaker increase (by $45 million) are funded by cuts to pupil transportation, kindergarten development grants, regional school transportation, early literacy programs, class size reduction for low-income districts, etc.. In addition, the large cuts to non-educational local aid and lottery aid will affect school funding (these accounts were consolidated into circuit breaker account 7061-0012).
- H1 for FY04 also proposes **Chapter 70 funding reform** and the calculation of the foundation budget itself has changed. It improves the SPED enrollment percentage to 8.25%, but the per-pupil SPED allocation is reduced and the out-of-district allocation is eliminated. The Massachusetts Teachers Association is still assessing the overall impact.